



# **Ipswich Water Department**

## **Residential Seasonal (Winter) Water Rate**

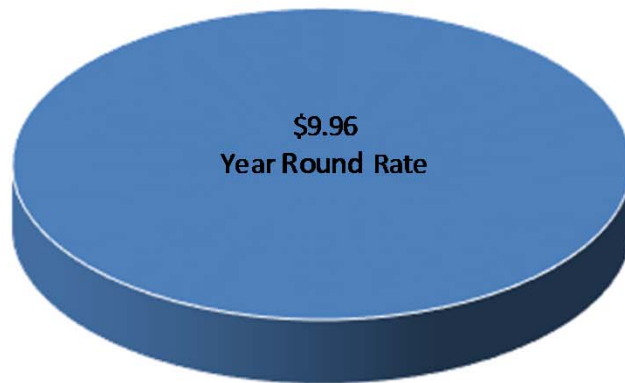
Public Hearings: September 16 & October 7, 2019



## **CURRENT PRACTICE**

- Residential customer rates adjusted twice each year (May and October)
- Summer rate set at 1.5 times base rate
- Winter rate adjusted based on revenues generated in summer so program remains revenue neutral
- Structure adopted by Commissioners in 2003
- Subcommittee continues to support the residential rate structure
- Rate structure is critical tool to manage demand

**Standard Rate Structure  
Generates \$3MM**



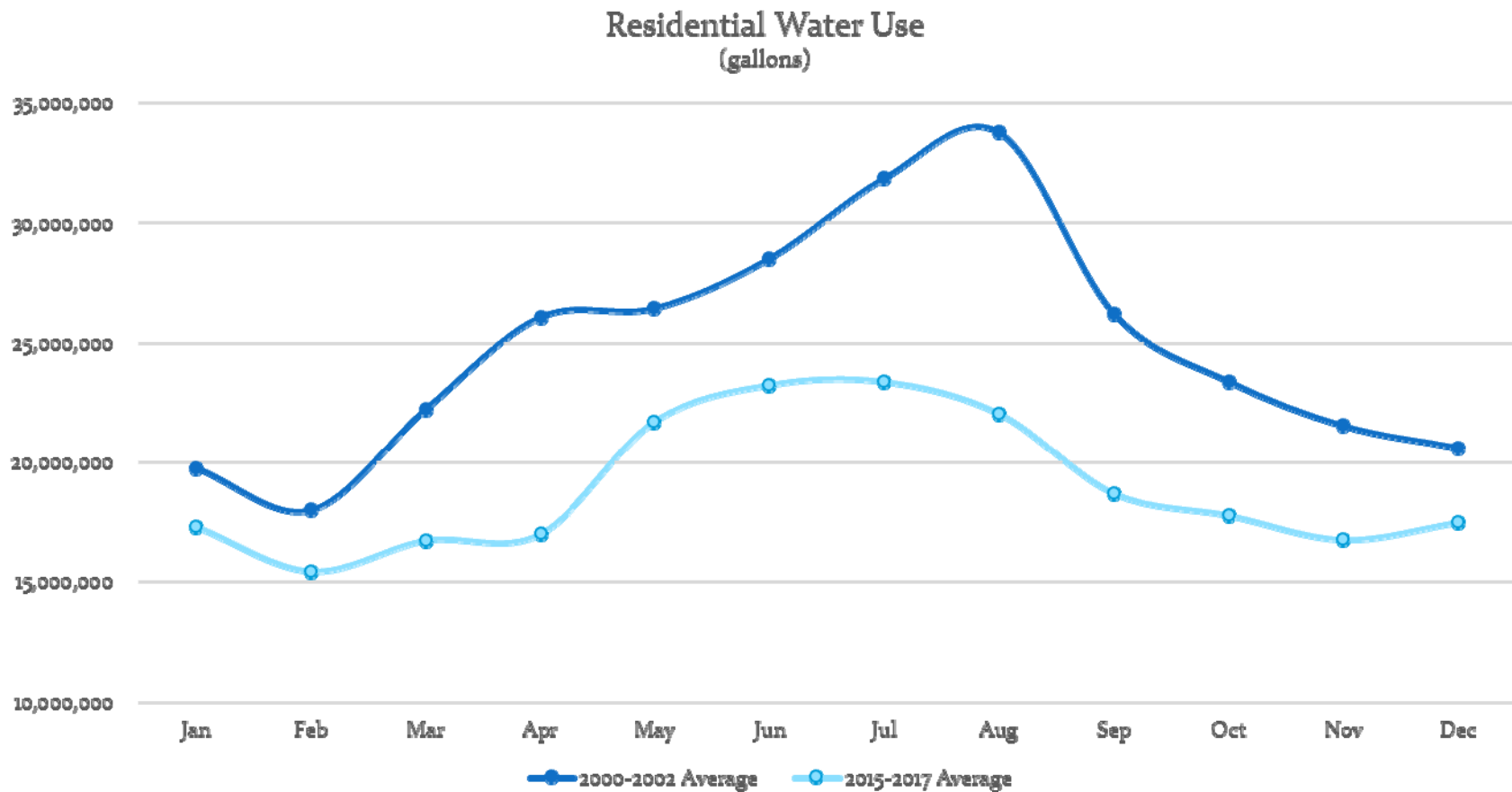
**Seasonal Rate Structure  
Generates \$3MM**



■ Summer Rate Revenue ■ Winter Rate Revenue

# PROGRAM SUCCESS

- Average savings of 71 million gallons per year



# PROGRAM SUCCESS

- 26% drop in water use since late 1990's





# CHALLENGES

- Drought resiliency
- Limited authorized withdrawals in Ipswich (0.2 MGD) & Parker (0.98 MGD) Watersheds
- Balancing 7 water sources in 2 watersheds
  - Parker: 2 reservoirs treated at the WTP, 2 wells
  - Ipswich: 3 wells
- Managing sources with high Manganese
- No large stored reserves
- Commercial customer use increase



# **RISKS OF CHANGING STRUCTURE**

- Customer use increases
  - May exceed DEP authorized volumes
  - May not meet demand with current sources
  - Pump water high in Mn
  - DEP requires mitigation to offset increased demand
- Parker Permit renewal
  - Current demand exempts Ipswich from mitigation requirements
  - Increased consumption will trigger DEP requirements and cost rate payers more

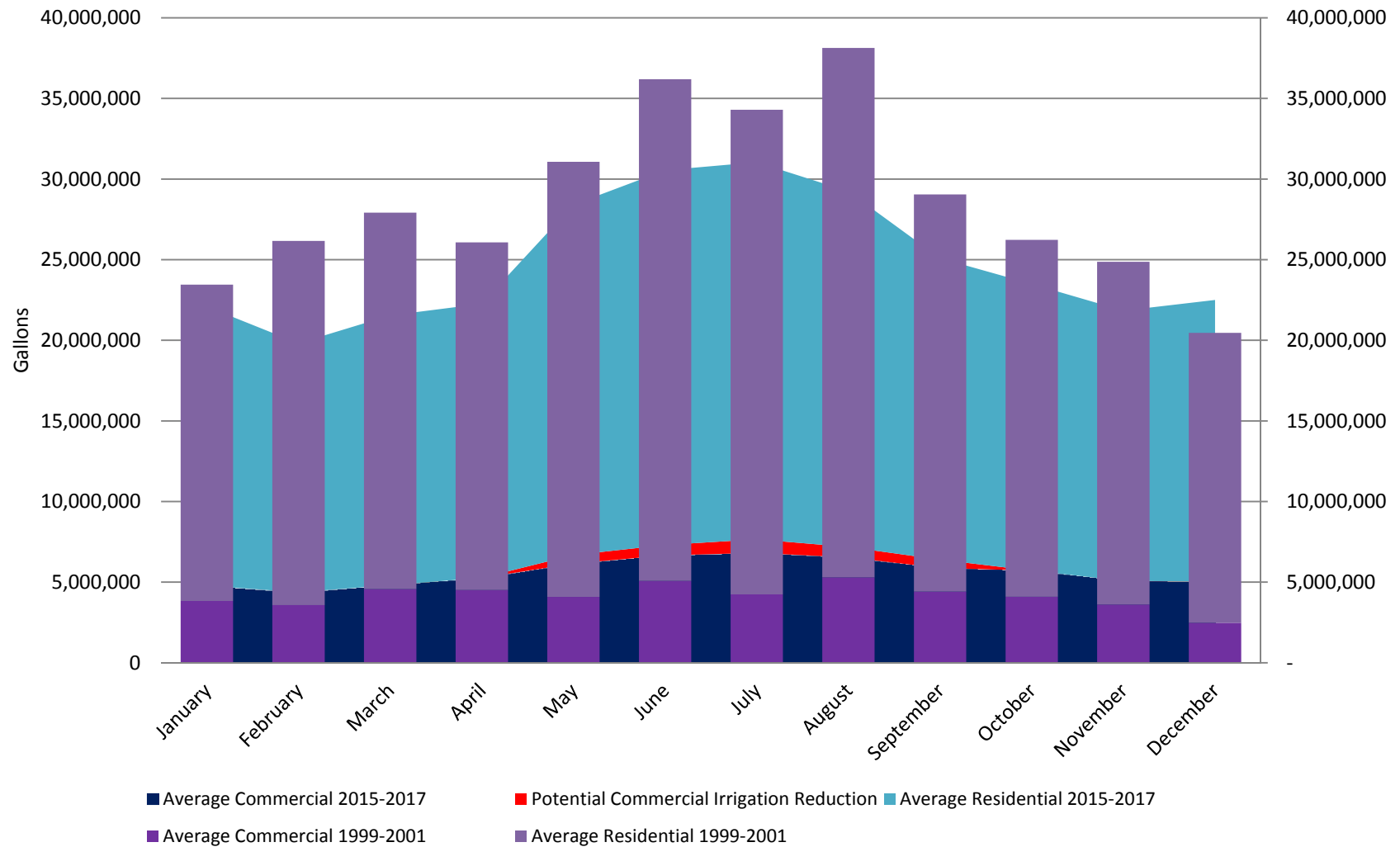


# **COMMERCIAL CUSTOMERS**

- Not currently included in rate structure
- Water use did not increase dramatically in summer
- Compare Avg Use 1999-2001 with 2014-2016
  - 50 more customers
  - 18 MG more water use
- 5% of customers have non business related summer increase (irrigation)
- 5% of customers have business based seasonal use that is new or increased from 99-01



# COMMERCIAL CUSTOMERS





# **COMMERCIAL CUSTOMERS**

- Analysis presented September 2017 & August 2018
- Not recommended to include commercial customer class based on 5% being responsible for non-business related summer increase
- Impact too small (<1MG) for added burden to commercial customers
  - Seasonal businesses won't have opportunity for winter rate relief
  - Residential program reduced average annual summer use 71MG
- If included, must be done in Spring



# SUBCOMMITTEE RECOMMENDATION

- To amend Article VIII of the Water Division Regulations of the Town of Ipswich to change the water rates as follows:

<u>Section 5: Normal User Charges</u>	<u>From</u>	<u>To</u>
(a) Winter Residential Rate From October 1, 2019 to April 30, 2020	\$14.94/100 cu. ft.	\$5.85/100 cu. ft.
All Other User Charges Year Round (Base Rate)	No Change	

# WAYS TO SAVE

- Use rain barrels
- Replace old fixtures in home
- Home leak detection/repair
- Full laundry/dishwasher loads
- Take advantage of rebates
- Visit [www.ipswichma.gov](http://www.ipswichma.gov) for more information

